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TALKING POINTS FOR ADDI'S BRIEFING OF HPSCI

Nicaragua: Background

During the past three months, the Sandinistas have been trying to project an image of strength to domestic and international audiences in the face of more intense fighting in Nicaragua.

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Political Repression

A campaign to quiet all but the most docile opponents has been central to the Sandinistas' consolidation efforts.

- The new constitution promulgated in January leaves opposition groups at a severe disadvantage, and the immediate extension of the state of emergency indicates the regime has no intention of loosening its grip.
- Many dissidents have been intimidated by the all-pervasive security services, and the Catholic Church--the regime's most formidable domestic opponent--remains largely quiet following the closing of its radio station and newspaper and the exile of leading clerics last year.
- The private sector's influence continues to wane because of the overall deterioration of the economy, land confiscations, and restricted access to foreign currency.

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Military Buildup

The acquisition of additional equipment from the Soviet Bloc continues to boost Managua's military might, and the regime is having no trouble in filling the ranks.

- The Intelligence Community estimates Moscow gave Nicaragua some \$550 million in military aid in 1986. Other Bloc nations provided about \$34 million.
- The addition of another 24 MI-17 transports and six MI-25 gunships more than doubled the Nicaraguan inventory of combat helicopters, markedly improving Air Force mobility, logistics, and direct fire support to ground forces.
- About 2,000-2,500 Cuban military and security personnel continue to play a pivotal advisory, training, and maintenance role in the Sandinista armed forces.

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- As experienced troops are released after completing their two-year service obligation, new recruits are being called up and trained from an increasingly larger segment of the population. Although conscription provoked a number of popular protests in 1985, we have no evidence of recent incidents. Nonetheless, Sandinista casualties have increased, and the high rate of desertions--30 percent in some units, [redacted]--probably reflects low morale. [redacted]

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Regional Policies

Managua is keeping up the pressure on its neighbors to undercut regional support for US policies.

- Nicaragua repeatedly violated Honduran territory last year. [redacted]

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Growing Rebel Challenge

The arms, equipment, training, intelligence, and logistics support provided by the United States have resulted in a significant improvement in rebel military capabilities during the past few months.

- The infiltration of refitted troops into Nicaragua has sharply reduced the rebel military presence in Honduras, and Honduran civilians are returning to their homes in the border area.
- Leadership, demolitions, and medical training have led to better performance in the field. By operating in small units, the insurgents have been able to evade Sandinista blocking forces. Meanwhile, commando teams have disrupted electrical and telephone service in central and northwestern Nicaragua by blowing up a few key towers.
- Aerial resupply, which has become more reliable and more frequent in the past two months, is allowing thousands of troops to continue operating in central and southern Nicaragua. Since January, the rebels have sustained a relatively constant

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level of fighting in the northwestern, central, and southern combat regions, forcing the Sandinistas to spread their forces. [REDACTED]

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The Economy

The Nicaraguan economy remains in a tailspin with no prospects for a turnaround.

- Already declining because of Sandinista mismanagement and anti-private sector policies, the economy has been further strained during the past 18 months by the growing civil war and difficulties in adjusting to the US trade embargo.
- Export revenues dropped by one fourth last year, and foreign debt has soared to \$6 billion from \$1.5 billion in 1979. Recent agricultural harvests have been the worst in this decade.
- Unprecedented consumer shortages and deteriorating public services have significantly lowered living standards, and protests have broken out in several cities.
- The economy is being kept afloat primarily by Soviet Bloc economic support, which has grown from \$60 million in 1980 to an estimated \$582 million last year. Some 3,000 Cuban, Soviet, and East European economic advisers currently are working in Nicaragua. [REDACTED]

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Nicaragua: Current Situation

The Sandinistas are continuing to keep a tight lid on the domestic opposition while trying to undermine rebel political efforts in the region.

- Police broke up a rally of 200-300 members of the opposition coalition early this month and detained at least 10 demonstrators for a day. The US Embassy reports that police may have prevented at least four busloads of additional protesters from attending.
- While using the ongoing dialogue with the Church hierarchy to project a conciliatory image, the regime shows no signs of allowing the reopening of the Catholic radio station or the return of several clerics expelled last year.
- The Sandinistas recently protested Costa Rican authorization for the UNO Assembly to meet in San Jose and warned Costa Rica not to allow UNO headquarters to relocate there.

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The resignation of Adolfo Calero and Arturo Cruz from the UNO Directorate has eased internal tensions, and new member Pedro Joaquin Chamorro may be able to improve communications between the civilian and military wings of the rebel coalition. Prospects for the establishment of a unified rebel leadership, however, remain cloudy.

- Calero, Commander Enrique Bermudez, and other FDN leaders distrust the efforts of moderates like Alfonso Robelo who cooperated with the Sandinistas immediately following the fall of former President Somoza. For their part, the moderates doubt the commitment of the FDN leadership to political and social reforms.
- Costa Rica's new restrictions on UNO political activities will hinder the moderates' attempts to gain control over the FDN.
- Meanwhile, negotiations to incorporate insurgent groups previously outside UNO are complicated by factional infighting.

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The insurgents are poised to continue ratcheting up military pressure on the regime.

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- The rebels increasingly are targeting power and communications lines, hoping to make their presence felt and to undermine confidence in the government.

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